Quiz 19 – Chapter 13 – Finance and Fiscal Policy  
  
1. Government decisions regarding revenues, expenditures, and borrowing are referred to as

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|  | a. | monetary policy. |
|  | b. | foreign policy. |
|  | c. | banking policy. |
|  | d. | fiscal policy. |

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2. Texas has generally resisted using all of the following to balance the budget, *except*

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|  | a. | enacting a state income tax. |
|  | b. | increasing various state taxes. |
|  | c. | reducing agency funding. |
|  | d. | borrowing from the “rainy day” fund. |

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3. Taxes that are a greater burden on lower incomes and less so on higher incomes are known as

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|  | a. | flat taxes. |
|  | b. | progressive taxes. |
|  | c. | regressive taxes. |
|  | d. | nominal taxes. |

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4. Which of the following is not a source of revenue for Texas state government?

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|  | a. | State income tax |
|  | b. | General sales tax |
|  | c. | Franchise tax |
|  | d. | Severance tax |

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5. The “pay-as-you-go” system means that the Texas legislature must

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|  | a. | pay its bills on time. |
|  | b. | pass a surplus budget. |
|  | c. | borrow to pay its bills. |
|  | d. | not pass a deficit budget. |

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6. The fund available to the Texas legislature for general appropriations purposes is called the

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|  | a. | “rainy day” fund. |
|  | b. | general obligation fund. |
|  | c. | general revenue fund. |
|  | d. | sales tax revenue fund. |

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7. So-called “sin taxes” are levies placed on

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|  | a. | alcohol, mixed drinks, and tobacco. |
|  | b. | food, clothing, and drinks. |
|  | c. | hotel and restaurant revenues. |
|  | d. | hunting and fishing activities. |

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8. The state of Texas provides workers compensation under monies collected from

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|  | a. | payroll taxes. |
|  | b. | severance taxes. |
|  | c. | selective sales taxes. |
|  | d. | general obligation bonds. |

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9. Which of the following classes of corporations has the *least* business tax burden?

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|  | a. | Oil companies |
|  | b. | Banking companies |
|  | c. | Insurance companies |
|  | d. | Public utility companies |

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10. Where does Texas rank among the states in the tax burden on its citizens?

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|  | a. | Near the top |
|  | b. | About twentieth |
|  | c. | About thirty-fifth |
|  | d. | Near the bottom |

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11. Grants-in-aid are defined as

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|  | a. | money from the federal government to the state. |
|  | b. | state matching of federal funds. |
|  | c. | money from private foundations to the state. |
|  | d. | federal money to states based on income tax ratios. |

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12. Which state program in Texas does *not* receive substantial federal funding?

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|  | a. | Public education |
|  | b. | Highways |
|  | c. | Teacher retirement |
|  | d. | Public assistance |

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13. The largest share of public land revenue in Texas is derived from

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|  | a. | the sale of land to private individuals. |
|  | b. | the sale of timber. |
|  | c. | oil lease fees and royalties. |
|  | d. | recreational use fees. |

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15. A bond whose repayment is guaranteed by the full faith and credit of the state is a

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|  | a. | revenue bond. |
|  | b. | general obligation bond. |
|  | c. | special assessment bond. |
|  | d. | limited obligation bond. |

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16. The state’s Economic Stabilization Fund is

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|  | a. | funded by proceeds from the state lottery. |
|  | b. | used to fund local government operations. |
|  | c. | used to supplement federal grants when those decline. |
|  | d. | sometimes called the “rainy day” fund. |

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17. The “dual budgeting” system in Texas means that both

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|  | a. | revenues and expenditures are equal. |
|  | b. | the house and Senate must pass the budget. |
|  | c. | the comptroller and treasurer authorize spending. |
|  | d. | the governor and the legislature draw up budget proposals. |

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18. ​After the legislature approves a biennial budget, the governor cannot sign it until

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|  | a. | ​the attorney general issues an opinion that all expenditures are permitted by the Texas Constitution. |
|  | b. | ​the lieutenant governor and the Speaker of the House vote to approve it. |
|  | c. | ​the Legislative Budget Board certifies that proper procedures were followed in approving the budget. |
|  | d. | ​the comptroller certifies the state will collect sufficient revenue to cover the expenditures. |

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19. Approximately what percentage of state expenditures goes to all education funding in Texas?

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|  | a. | 15–20 percent |
|  | b. | 25–30 percent |
|  | c. | 35–40 percent |
|  | d. | 45–50 percent |

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20. Which of the following determines if state agencies have spent public funds in accordance with law?

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|  | a. | The comptroller of public accounts |
|  | b. | The State Auditor’s Office |
|  | c. | The Legislative Budget Board |
|  | d. | The secretary of state |

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